

SENATE BILL 548

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2004 Regular Session
4r2682
CF 4r2245

By: **Senator Kasemeyer**

Introduced and read first time: February 6, 2004

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retiree Health Care Protection Act**

3 FOR the purpose of creating a Postretirement Health Funding System to assist in
4 funding the postretirement health insurance subsidy for State employees;
5 providing a certain method for funding the Postretirement Health Funding
6 System; providing that the funds of the Postretirement Health Funding System
7 be invested in a certain manner; providing a certain method for the
8 disbursement of funds from the Postretirement Health Funding System;
9 providing for the transfer of funds from the Postretirement Health Funding
10 System to the General Fund under certain circumstances; and generally
11 relating to the creation of the Postretirement Health Funding System.

12 BY repealing and reenacting, with amendments,
13 Article - State Personnel and Pensions
14 Section 21-102
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 2003 Supplement)

17 BY adding to
18 Article - State Personnel and Pensions
19 Section 33-101 to be under the new title "Title 33. Postretirement Health
20 Funding System"
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 2003 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - State Personnel and Pensions**

2 21-102.

3 The State Retirement and Pension System consists of:

- 4 (1) the Correctional Officers' Retirement System, established on July 1,
5 1974;
- 6 (2) the Employees' Pension System, established on January 1, 1980;
- 7 (3) the Employees' Retirement System, established on October 1, 1941;
- 8 (4) the Judges' Retirement System, which consists of:
- 9 (i) the contributory plan, established on July 1, 1969; and
- 10 (ii) the noncontributory plan, established on April 7, 1904;
- 11 (5) the Legislative Pension Plan;
- 12 (6) the Local Fire and Police System, established on July 1, 1989;
- 13 (7) the Law Enforcement Officers' Pension System, established on July
14 2, 1990;
- 15 (8) the State Police Retirement System, established on July 1, 1949;
- 16 (9) the Teachers' Pension System, established on January 1, 1980;
- 17 (10) the Teachers' Retirement System, established on August 1, 1927;
18 [and]
- 19 (11) THE POSTRETIREMENT HEALTH FUNDING SYSTEM, ESTABLISHED
20 ON JULY 1, 2004; AND
- 21 [(11)] (12) any other system or subsystem that the Board of Trustees
22 administers.

23 **TITLE 33. POSTRETIREMENT HEALTH FUNDING SYSTEM.**

24 33-101.

25 (A) THERE IS A POSTRETIREMENT HEALTH FUNDING SYSTEM.

26 (B) THE SYSTEM SHALL BE ESTABLISHED IN ACCORDANCE WITH § 401(H) OF
27 THE INTERNAL REVENUE CODE.

28 (C) THE PURPOSE OF THE POSTRETIREMENT HEALTH FUNDING SYSTEM IS TO
29 ASSIST THE STATE IN FINANCING THE POSTRETIREMENT HEALTH INSURANCE
30 SUBSIDY, AS SPECIFIED IN § 2-508 OF THIS ARTICLE.

1 (D) BEGINNING IN FISCAL YEAR 2006, ANY SUBSIDY RECEIVED BY THE STATE
2 THAT IS PROVIDED TO EMPLOYERS AS A RESULT OF THE FEDERAL MEDICARE
3 PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003, SHALL BE
4 DEPOSITED INTO THE ACCUMULATION FUND OF THE POSTRETIREMENT HEALTH
5 FUNDING SYSTEM.

6 (E) THE ASSETS OF THE POSTRETIREMENT HEALTH FUNDING SYSTEM SHALL
7 BE INVESTED IN THE SAME MANNER AS THOSE OF THE OTHER SYSTEMS OF THE
8 STATE RETIREMENT AND PENSION SYSTEM.

9 (F) FOR FISCAL YEAR 2006 THROUGH FISCAL YEAR 2016, NO PAYMENTS MAY
10 BE MADE FROM THE ACCUMULATION FUND OF THE POSTRETIREMENT HEALTH
11 FUNDING SYSTEM.

12 (G) FOR FISCAL YEAR 2016 AND EACH FISCAL YEAR THEREAFTER, THE STATE
13 RETIREMENT AND PENSION SYSTEM SHALL TRANSFER TO THE GENERAL FUND, FOR
14 THE SOLE PURPOSE OF ASSISTING IN THE PAYMENT OF THE STATE'S
15 POSTRETIREMENT HEALTH INSURANCE SUBSIDY, THE LESSER OF:

16 (1) ONE-QUARTER OF THE PRIOR YEAR'S INVESTMENT GAINS OF THE
17 POSTRETIREMENT HEALTH FUNDING SYSTEM; OR

18 (2) THE AMOUNT NECESSARY TO PAY THE ANNUAL HEALTH INSURANCE
19 PREMIUMS AND OTHER COSTS THAT CONSTITUTE THE STATE'S POSTRETIREMENT
20 HEALTH INSURANCE SUBSIDY SPECIFIED IN § 2-508 OF THIS ARTICLE.

21 (H) IF FOR ANY REASON THE STATE DISCONTINUES THE POSTRETIREMENT
22 HEALTH INSURANCE SUBSIDY SPECIFIED IN § 2-508 OF THIS ARTICLE OR A
23 SUCCESSOR SUBSIDY, THE ASSETS OF THE POSTRETIREMENT HEALTH FUNDING
24 SYSTEM SHALL BE TRANSFERRED TO THE GENERAL FUND.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 2004.